

Message Text

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E.O. 11652: GDS

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SUBJECT: CONVERSATION WITH VENEZUELAN MINISTER OF FINANCE

1. THE FOLLOWING TEXT OF A MEMORANDUM TO ME FROM JAMES D. THEBERGE WHO HAS BEEN VISITING VENEZUELA THIS WEEK AS CHAIRMAN OF THE LATIN AMERICAN STUDY GROUP OF VICE PRESIDENT ROCKEFELLER'S COUNCIL ON SIGNIFICANT CHOICES IS IN MY OPINION WORTHY OF THE DEPARTMENT'S SERIOUS CONSIDERATION. DR. THEBERGE'S MEMORANDUM

FOLLOWS:

2. QUOTE. SUBJECT: MEETING WITH FINANCE MINISTER HECTOR HURTADO, MONDAY, FEBRUARY 3, 1975.

3. ACCORDING TO DR. HURTADO, VENEZUELA'S POSITION AT THE ALGERIAN OPEC MEETING AT THE END OF JANUARY 1975 WAS QUITE CLEAR. THE GOV WANTS TO SEE A BROAD MEETING OF PRODUCERS AND CONSUMERS OF ALL RAW MATERIALS AND FOODSTUFFS, NOT JUST OIL, TO DISCUSS WORLD PRICES, SECURITY OF SUPPLY AND MARKETING ARRANGEMENTS. HE SAID THE OPEC COUNTRIES WERE A PART OF THE THIRD WORLD, AND THE UNITED STATES WAS BOTH A MAJOR PRODUCER COUNTRY (FOOD) AND CONSUMER COUNTRY (OIL). THE TASK FACING THE USA IS TO HARMONIZE ITS OWN DOMESTIC POLICIES IN THIS FIELD. AS A PRODUCER THE US WAS

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INTERESTED IN HIGH PRICES AND AS A CONSUMER COUNTRY IN LOW PRICES.

4. I TOLD HIM THAT MY STUDIES, AND THOSE OF THE IBRD AND USDA, INDICATED THAT THE PEAK PRICES OF 1972-74 FOR PRIMARY COMMODITIES (EXCLUDING OIL) HAD PASSED, THAT PRICES WERE DECLINING, THAT LATIN AMERICAN TERMS OF TRADE WOULD WORSEN OVER THE NEXT FIVE YEARS, AND THAT THIS WAS NOT PROPITIOUS FOR THE SUCCESSFUL WORKING OF CARTELS OR PRODUCER ASSOCIATIONS. DR. HURTADO'S REACTION WAS VERY VAGUE AND CAUTIOUS, WHICH SUGGESTED THAT HE HAD NOT GIVEN THIS MATTER MUCH THOUGHT. HE ADMITTED THAT ON MANY MATTERS THE POSITION OF THE GOVERNMENT WAS STILL UNDERGOING FORMULATION, AND HAD NOT BEEN COMPLETELY THOUGHT THROUGH AS TO ALL THE CONSEQUENCES.

5. DR. HURTADO DECLARED THAT THE UNITED STATES DOES NOT UNDERSTAND THAT VENEZUELA IS NOT A DEVELOPED COUNTRY AND HAD MOST OF THE PROBLEMS OF A LESS DEVELOPED COUNTRY, EXCEPT THE FORTUITOUS ABUNDANCE OF NATURAL RESOURCES AND THE RECENT ACQUISITION OF CAPITAL FOR FINANCING ITS OWN ECONOMIC DEVELOPMENT. HE SAID THAT MUCH MORE EFFECTIVE MECHANISMS OF CONSULTATION ARE NEEDED BETWEEN VENEZUELA AND THE UNITED STATES, AND NEW FORMULAS FOR COOPERATION BETWEEN PRODUCING AND CONSUMING COUNTRIES MUST BE DEVELOPED, IF THE DISASTROUS DEPLETION OF NON-RENEWABLE NATURAL RESOURCES WAS TO BE AVOIDED BY THE END OF THE CENTURY.

6. DR. HURTADO BELIEVED THAT A SUMMIT MEETING OF PRODUCER-CONSUMER NATIONS WAS BOTH DESIRABLE AND FEASIBLE. HE MENTIONED FRENCH GOVERNMENT SUPPORT FOR THE IDEA, WHICH WAS RAISED AT THE JANUARY 1975 ALGIERS CONFERENCE OF THE OPEC COUNTRIES. HE SAID THAT SUCH MEETINGS WERE NECESSARY TO BEGIN TO LAY THE GROUNDWORK FOR THE NEW INTERNATIONAL ECONOMIC ORDER IN WHICH THE THIRD WORLD PRIMARY EXPORTING COUNTRIES WOULD BE BETTER REWARDED FOR THEIR SUPPLY OF MATERIALS AND FOOD.

7. HE ALSO STATED THAT THE GOVERNMENT OF VENEZUELA WANTS GOOD RELATIONS WITH THE UNITED STATES, BUT THAT COMMUNICATION IS POOR. HE SAID, "THE US DOESN'T LISTEN TO OUR VIEWS." THIS THEME, OF LACK OF US SENSITIVITY TO VENEZUELA'S NEW IMPORTANCE AND SELF-RESPECT, WAS SOUNDED BY OTHER VENEZUELAN FRIENDS OF MINE.

8. MY COMMENT: LATER THE SAME DAY, A CLOSE FRIEND OF DR. HURTADO, ANTONIO CASAS GONZALEZ, FORMER MINISTER OF
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CORDIPLAN, AND A CLOSE FRIEND OF MINE, TOLD ME HE WAS VERY DISTURBED AT THE DEEPENING ANTI-US FEELING EVIDENT IN VENEZUELA. HE SAID THAT THE US GOVERNMENT WAS HEAVY-HANDED IN DEALING WITH VENEZUELAN, WHO ARE EXTREMELY SENSITIVE TO REAL AND IMAGINED SLIGHTS BY THE UNITED STATES. HE SAID HE FOUND LITTLE SENSITIVITY IN WASHINGTON, IN GOVERNMENT CIRCLES, TO THE VENEZUELAN VIEWPOINT.

9. IT IS QUITE CLEAR THAT THE VENEZUELANS FEEL A NEW SENSE OF SELF-CONFIDENCE AND INDEPENDENCE, A FEELING THAT THEY DESERVE TO BE LISTENED TO, LTHOUGH ONE DETECTS AN UNDERLYING UNCERTAINTY ABOUT THE FUTURE, AND PARTICULARLY ABOUT THEIR ABILITY TO MANAGE EFFECTIVELY

THE ECONOMY AND USE WISELY THE FUNDS FROM OIL EXPORTS FOR ECONOMIC TRANSFORMATION. IN ANY CASE, US-VENEZUELAN RELATIONS ARE NOW CHARACTERIZED BY A MORE COMPLEX SET OF PSYCHOLOGICAL FACTORS THAN BEFORE, WHICH REQUIRES MUCH GREATER SENSITIVITY ON THE PART OF THE US GOVERNMENT IN DEALING WITH VENEZUELA, AND ON A PERSONAL LEVEL, WITH INDIVIDUAL VENEZUELAN OFFICIALS. BECAUSE OF THIS HYPER-SENSITIVE RELATIONSHIP, MUCH GREATER ATTENTION TO FORM AND DETAILS IS IMPERATIVE. END QUOTE.

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